

Message Text

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ACTION AGR-08

INFO OCT-01 EA-07 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 /048 W

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R 170858Z OCT 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8643

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PASS USDA/FAS/K. STEPHENS/CEP AND D. WILLIAMS/COT/FMD
STATE/CANGEVINE/F&TD

E.O. 11652: N/A

TAGS: EAGR, RP

SUBJECT: COTTON CONTRACT PROBLEMS

1. LOCAL AGENT FOR STARKE TAYLOR EXPORTS, INC. VISITED OUR OFFICE TODAY TO REQUEST TRANSMITTAL TO FAS/W THE FOLLOWING COMPLAINT BY SOLID MILLS AGAINST STARKE TAYLOR EXPORTS, INC.

2. ON OCT. 28, 1974 SOLIDS AND STARKE TAYLOR ENTERED INTO CONTRACT NO. 8125 CALLING FOR DELIVERY JAN-MAR 1975 FOR 3,000 BALES, STAPLE 15/16 AT 32.00 CENTS PER POUND FAS U.S. PORTS.

3. SOLIDS INSIST THAT THEY WERE CONSTRAINED FROM MAKING TIMELY OPENINGS FOR DELIVERY UNDER THIS CONTRACT BY DBP BECAUSE, THEY HAD OTHER OVERDUES ON THE ACSA LIST WHICH CAME FIRST.

4. AFTER SOLIDS FINALLY COMPLETED OPENINGS OF THE LAST OF THEIR OVERDUE CONTRACTS ON THE ACSA AND ACEA LISTS IN SEPT 1975, THEY TOOK OUT AN L/C FOR THE FAS U.S. PORT VALUE OF SALE NO. 8125. STARKE TAYLOR WOULD NOT ACCEPT THE L/C BECAUSE IT DID NOT COVER CARRYING CHARGES. SOLIDS COUNTERED THAT THEY WOULD NEGOTIATE CARRYING CHARGES SEPARATELY AND COVER THE AMOUNT

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OF SETTLEMENT IN A DEBIT ACCOUNT IN FAVOR OF STARKE TAYLOR.

TAYLOR COUNTERED THAT THEY WANTED CARRYING CHARGES OF 44 POINTS PER POUND PER MONTH PUT IN THE L/C. SOLIDS THEN OFFERED TO PUT 30 POINTS IN THE L/C AND TAYLOR REFUSED SAYING THAT IT WAS OBVIOUS THAT SOLIDS WAS ONLY DELAYING AND CAUSING TAYLOR MORE EXPENSE AND THAT THE SALE WAS CANCELLED. SOLIDS THEN AGREED TO AMEND THE L/C TO INCLUDE 44 POINTS FOR CARRYING CHARGES AND TAYLOR ADVISED THAT THEY HAD SOLD THE COTTON ELSEWHERE.

5. SOLIDS ASKED THE LOCAL AGENT TO TELL THE AGATTACHE THAT THEY FEEL THE U.S. SHIPPER'S OBLIGATION TO DELIVER AN OVERDUE CONTRACT AT A LOW PRICE IS THE SAME AS A MILL'S OBLIGATION TO ACCEPT DELIVERY OF HIGH PRICE OVERDUE CONTRACTS.

6. FYI: WE UNDERSTAND THAT THE PRACTICE OF SHIPPERS AND MILLS MAINTAINING DEBIT AND CREDIT ACCOUNTS WAS COMMON PRACTICE PRIOR TO THE ONSET OF THE COTTON CONTRACT PROBLEMS.

7. WE WILL REPORT FURTHER DEVELOPMENTS AS THEY OCCUR, BUT IN MEANTIME WOULD APPRECIATE GUIDANCE FROM WASHINGTON.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS, TRADE COMPLAINTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA14701
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750360-1159
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751043/aaaabmew.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by CunninFX>; APPROVED <20 NOV 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACT PROBLEMS
TAGS: EAGR, RP, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006